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This article "No traction: Europe's car Makers Spin their Wheels" Vanessa Fuhrman talk about the European car market. This article speaks about the woeful condition of European automakers. It speaks about the dim future of the automobile industry. Presently the Europe's automobile market is not at all profitable and it is considered as the greatest industrial casualties of the crisis. The record predicts that the registration of new car has fallen to around two decade low. Most of the car makers are now losing money. The Moody's Investors Service Inc. estimates that General Motors Co, Fiat SPA, Ford Motor Co, PSA Peugeot Citroen Combined lost around 4.9 billion pound.

The executives and the consultants of the industry are warning that the Europe's economic crisis is now facing a downward trend in the sales of car. The demand for cars by the consumer is falling and due to this reason more plants are getting closed, job cost cutting is practiced. The main reason behind the fall of car sales because of rise in fuel prices, availability of more-durable vehicles, decline of car as a status symbol and restrictive policies adopted by the government because of which only few youth are getting licenses. The economic factor is very much responsible for decline in the sales of cars in Europe.

The demand for the cars in Europe is declining due to determinants of demand such as increase in the price of the fuel, restrictive policies adopted by the government, decline in the status symbol. The law of demand says that the demand for the product increases with decrease in the prices and some of the determinants of the demand. Rise in the fuel prices results in increase in the prices of car so the demand falls. Moreover, the restrictive policy adopted by the government by granting license to the few younger people for preventing accident resulted in fall in the demand of cars. Cars are no longer considered as the status of symbol for people so the demand is now falling.

When the prices of oil rises the people take considerable time for complaining for short period of time and the consumers makes effort for adjusting their habits to consume less. Similarly changes in price do have little to spur new supplies in the short period. Since the quantities demanded and supplied change very little as prices fall and rise, both curves are relatively vertical as shown below:

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